MINUTES
of the
SECOND MEETING
of the
WATER AND NATURAL RESOURCES COMMITTEE

July 25-26, 2013
Clovis Civic Center, Clovis

The second meeting of the Water and Natural Resources Committee was called to order at 9:45 a.m. on July 25 by Representative George Dodge, Jr., vice chair, in the Clovis Civic Center in Clovis.

Present
Rep. George Dodge, Jr., Vice Chair
Rep. Phillip M. Archuleta
Rep. Paul C. Bandy
Sen. Joseph Cervantes (July 25)
Rep. Dona G. Irwin
Rep. Emily Kane
Rep. Larry A. Larrañaga
Sen. Cliff R. Pirtle
Sen. Sander Rue
Rep. James R.J. Strickler
Sen. Peter Wirth
Sen. Pat Woods

Absent
Sen. Phil A. Griego, Chair
Rep. Stephen Easley
Rep. Brian F. Egolf, Jr.
Rep. William "Bill" J. Gray
Sen. George K. Munoz
Sen. Benny Shendo, Jr.
Rep. Mimi Stewart
Rep. Don L. Tripp

Advisory Members
Rep. Gail Chasey (July 26)
Sen. Carlos R. Cisneros
Rep. Sharon Clahchischilliage
Sen. Lee S. Cotter
Rep. Anna M. Crook
Sen. Ron Griggs
Rep. Rodolpho "Rudy" S. Martinez
Sen. Cisco McSorley
Sen. Mary Kay Papen
Rep. Tomás E. Salazar
Sen. William E. Sharer
Rep. Jeff Steinborn

Rep. Cathrynn N. Brown
Sen. Pete Campos
Rep. Nora Espinoza
Rep. Candy Spence Ezzell
Sen. Stuart Ingle
Sen. Gay G. Kernan
Rep. James Roger Madalena
Rep. W. Ken Martinez
Sen. Steven P. Neville
Sen. Gerald Ortiz y Pino
Sen. Nancy Rodriguez
Sen. John C. Ryan
Rep. Henry Kiki Saavedra
Sen. John Arthur Smith
Rep. Bob Wooley

(Attendance dates are noted for those members who did not attend the entire meeting.)

Guest Legislator
Rep. Yvette Herrell

Staff
Jon Boller, Legislative Council Service (LCS)
Gordon Meeks, LCS
Jeret Fleetwood, LCS

Guests
The guest list is in the original meeting file.

Handouts
Handouts and other written testimony can be found in the meeting file or on the New Mexico Legislature's web site.

Thursday, July 25

Representative Dodge began the meeting by having members of the committee introduce themselves.

David Lansford, mayor of Clovis, welcomed the committee members to Clovis and thanked them for coming.

Eastern New Mexico Rural Water Supply Project
Caleb Chandler, secretary, Eastern New Mexico Water Utility Authority (ENMWUA), provided the committee with a brief overview and history of the Eastern New Mexico Rural Water Supply Project, explaining that ground water resources in the region are being steadily depleted and that the project is based upon surface water storage in Ute Reservoir and delivery of that water via pipeline to area communities. He emphasized the importance of the project to the communities served by it, and said that with declines in aquifer levels in the region, the need for the pipeline is urgent.

Paul Van Gulick, project manager for the ENMWUA, explained that many communities in eastern New Mexico rely on ground water from the Ogallala Aquifer, which is steadily declining. For example, Mr. Van Gulick noted that an independent study of the aquifer indicated that the Portales well field's water level is declining about four-and-one-half feet per year, with only 40 feet of saturation remaining. Though the number of drinking water wells has increased from 28 to 64 since 2000, total production capacity has decreased from over 10,000 gallons per minute to less than 7,000 gallons per minute. He also listed the various entities served by the project, pointing out that Cannon Air Force Base, one of those entities, identified a reliable water supply as one of the critical keys to the base being able to continue its mission.

Barbara Crockett, a design engineer with CH2MHILL, discussed aspects of the project's construction. She explained that construction had begun at Ute Reservoir and that project managers understand how important the project is to the region and are trying to finish as quickly as possible. Ms. Crockett said that controlled blasting is being used to dig the shaft that will be used to pump water from the reservoir to the pipeline and that while there was initially some concern over blasting so close to homes, consultants from the New Mexico Institute of Mining and Technology confirmed that everything is safe.

Robert Lumpkin, a Tucumcari city commissioner, provided the committee with concerns expressed by residents in Tucumcari and the Ute Reservoir area. He explained that the communities in the area depend on a certain level in the reservoir being maintained for recreational use, which brings money into the local economy and provides jobs for at least 300 people in the area. Mr. Lumpkin also said that water levels in Ute Reservoir have been steadily declining and that the drought management plan would bring levels down even further, at which point water quality issues would begin to emerge. He also noted that while recreation is not recognized as a purpose for which the reservoir was created, visitors come to the reservoir from five states, in part because all of the other reservoirs in the area are empty.

Mr. Lumpkin suggested establishing a minimum pool for the reservoir, and that pumping would have to cease if the reservoir falls below the minimum line. He also pointed to research that a Texas community had done on pumping and treating brackish water from a Santa Rosa aquifer as a potential water source for the region. Mr. Lumpkin also suggested that a wind farm would bring jobs to the area.

Questions and comments from the committee included the following:

- total cost of the project would be about $500 million in 2009 dollars;
- the state's share of the project is $75 million;
- Water Trust Board grants and capital outlay appropriations have been made each year for individual pieces of the project;
- the Eastern New Mexico Rural Water Supply Project is a good example of a successful large-scale water project;
- 16,400 acre-feet per year will be allowed for the project;
- Ute Reservoir was originally built as a water storage project for municipal and industrial use, not for recreational use, but the ENMWUA wants to maintain recreation as a benefit to the region;
- a $1-million, 1,700-foot test well was drilled in 2010 to explore the option of using brackish water to supply the area with drinking water, but the poor quality and quantity of water from the well were not encouraging;
- Clovis does have water reuse/effluent programs in place;
- conservation is an important component of any water use plan; and
- the cost of water for a residential user should not change much once the project is fully implemented.

Use of Recoverable Water

Scott Verhines, state engineer, provided the committee with testimony regarding recoverable water, which he explained could be brackish water, produced water, gray water or treated effluent. He noted that some work has gone into treating recoverable water and using it as direct, potable water, pointing out that Cloudcroft has considered treating recoverable water and blending it with water from other sources to extend its limited water resources. Mr. Verhines also pointed out that a brackish water development project in El Paso is now part of the city's regular water portfolio. He noted that the booming oil and gas industry in Lea County still uses fresh, potable water for oil and gas exploration, so it might make sense for the committee to look at ways of transitioning the industry away from potable water to some other source.

Questions and comments from the committee included the following:

- if water produced by oil and gas exploration is treated and cleaned, the party that treated the water is entitled to use it or sell it;
- some confusion exists in the oil and gas industry over ownership of produced water;
- New Mexico may want to look at guidelines for cities to use recoverable water;
- the cleanup process of brackish water depends on what kind of contaminants are in the water; and
- costs also depend on contaminants and contaminant levels.

Right to Farm Legislation

Beverly Idsinga, Dairy Producers of New Mexico, began by explaining that feed costs for dairies have been steadily increasing over the past several years. With 40 percent of corn production being used for ethanol production, feed costs have skyrocketed since 2005, she explained, and the drought has only exacerbated the problem.

Walter Bradley, Dairy Farmers of America, noted that New Mexico has been steadily losing dairies. He explained that the agricultural industry in the state is under attack and that the attack began with nuisance lawsuits being filed against dairies by out-of-state law firms. Mr. Bradley said that the Center to Expose and Close Animal Farms is behind the suits, which have also been filed in other states and are filed on behalf of plaintiffs who have mostly moved in after the dairies were established. He went on to explain that while right-to-farm legislation has been on the books for some time and is intended to protect farmers, the statutes fail to define improper or negligent operations. Mr. Bradley explained that the Center to Expose and Close Animal Farms has filed lawsuits against 11 dairies on the grounds that they are operating improperly, in spite of the fact that most of the dairies in Dona Ana County are actually zoned to be there. He also said that the attack on agriculture will not stop with dairies and that right-to-farm legislation will at least stop future suits from being filed. Finally, Mr. Bradley discussed the economic impacts of closing dairies, saying that while dairies account for about $2 billion in business, adding associated businesses, such as cheese factories, trucking companies and ice cream companies, brings the total to between $5 billion and $6 billion.

Eddie Scott, who owns a dairy in the Clovis area, explained that he is a defendant in one of the lawsuits. He said that the lawsuit filed against his dairy states that it is a nuisance because of the smell and the large number of flies the dairy attracts, even though flies have always been associated with dairies and similar operations. Mr. Scott also discussed the stress the lawsuit has caused him and his family, casting doubt on his hopes of passing his dairy on to his family.

T.J. Trujillo, Gallagher and Kennedy, P.A., explained that right-to-farm legislation exists in all 50 states, although it takes different forms in different states. He said the legislation was originally designed to protect farmers from nuisance lawsuits and that the law in New Mexico has not kept up with laws in other states, so that there are gaps in New Mexico's laws now. For example, Mr. Trujillo noted that terms such as "negligent" and "improper" are ambiguous. He suggested that the law needs to be updated in order to provide a statutory framework that protects the agricultural industry.

Questions and comments from the committee included the following:

- food producers are no longer a high priority for American policymakers;
- there are limited options available to protect those dairies that have already had lawsuits filed against them;
- the changing nature of farming in America;
- dairies tend to offer decent wages and have improved the profitability of farming as a whole;
- there is some danger to surrounding communities if nearby dairies are shut down, as dairies have helped create new wealth in New Mexico;
- dairies are already highly regulated, and it would be difficult for them to be negligent if they are in compliance with all regulations;
- the $6 billion in economic impact of shutting the dairy business down is roughly the same as the entire budget for the State of New Mexico;
- right-to-farm bills introduced during the 2013 session died in the House Judiciary Committee or on the Senate floor;
- there are plans to bring the bills back for the 2014 session;
- it is becoming more difficult for dairies to secure insurance policies;
- both sides of the issue need to be careful, particularly when considering removing the term "negligence" from the law; and
- laws in the United States never contemplated industrial-scale farming.

Thermal Energy from Forest Biomass and Renewable Energy Portfolio Standards

Brent Racher, president of the New Mexico Forest Industry Association, began by explaining that much of the cost of wildfires is paid on the back end of the event for rehabilitation of the forest, watersheds and infrastructure and rebuilding of local economies. The full cost of wildfires in the state over the past three years is estimated to exceed $1.5 billion, he said. He noted that while thinning watersheds can help prevent or mitigate the effects of large, catastrophic wildfires, there is currently no market for the small-diameter trees and forest-thinning products from watersheds, which are unsuitable for use as timber and considered waste

materials from forest and watershed restoration projects. Mr. Racher said that using forest-thinning products for thermal energy could help create a market for products, thereby making it profitable for the forest industry to thin watersheds. He pointed out that such a situation would be a win for the watersheds and a win for industry, particularly as utility companies seek to expand their renewable energy portfolios. Mr. Racher explained that a bill allowing renewable energy certificates to be issued for thermal energy originating from such biomass was introduced during the 2013 session, but the bill died in the House Energy and Natural Resources Committee.

Questions and comments from the committee included the following:

- there has to be a market for forest-thinning products or taxpayers will have to pay for watershed thinning;
- watershed thinning would help both forest health and water supply;
- long-term contracts with the U.S. Forest Service (USFS) are possible, but there are limited ways of structuring them;
- some uses for thinned trees use only part of the tree, but to make thinning attractive to industry, 100 percent of the tree has to be used;
- Louisiana had a good public/private partnership after Hurricane Katrina to harvest downed trees;
- USFS cooperation could help with pilot programs and private industry involvement;
- private, federal, tribal and state lands all need forest and watershed treatment; and
- some policy tweaks could help incentivize private industry to become involved with forest treatment.

Federal-State-Local Cooperation in Forest Watershed and Fire Management

Kent Reid, interim director of the New Mexico Forest and Watershed Restoration Institute (NMFWRI), one of three such institutes in the nation, began by saying that a large-scale forest management approach needs to be undertaken. He went on to note that the NMFWRI recognizes the need to collaborate on forest management projects and does so with federal, state, tribal and local governments as well as private industry, nongovernmental organizations and local residents. All government agencies involved in forest management, he noted, are required to cooperate, communicate and collaborate in their planning processes. Mr. Reid explained that the USFS's planning rule governs how national forest management plans are written, and that the Forestry Division of the Energy, Minerals and Natural Resources Department also produces documents that govern forest management, underscoring the need for agencies to collaborate with one another. He also pointed out that a recent meeting of stakeholders from public institutions and private interests developed 18 forest restoration principles, with collaboration being the number-one principle identified. All three memorials dealing with forest management issues that passed last legislative session, he said, emphasized collaboration and cooperation in managing the state's forests and watersheds.

Tony Delfin, New Mexico state forester, began his testimony by thanking New Mexico's firefighters and noting that since most western states share fire resources, the 19 Arizona firefighters who were killed while fighting a fire in their home state had been in New Mexico

several weeks ago. Mr. Delfin went on to discuss several of the large fires that New Mexico has experienced over the past few years, pointing out that most of them had direct impacts on watersheds. He also said that New Mexico faces long-term forest health challenges, with drought causing stress to forests, which often correlates with insect outbreaks, declining forest health and wildfire occurrence. Mr. Delfin also noted that wildfires are occurring under more and more extreme conditions, with high temperatures, low humidity and strong and erratic winds that make the trees and other vegetation standing in the forests nearly as dry as firewood stacked outside of a house. He said such extreme conditions tend to lead to uncharacteristic fire behavior. Mr. Delfin went on to point out that despite recent monsoon rains, drought conditions still persist. He also said that the situation in forests is complicated by declining federal spending in the state, which fell from $7.2 million in 2008 to $1.7 million in 2012, and that institutional impediments take a long time to address.

Pat Jackson, chief of staff for the Southwestern Regional Office of the USFS, said that he is passionate about restoring U.S. forests and that the USFS is a major player in forest restoration, that it is behind the curve and that all players are needed on the field to address the effort. He said there are two reasons why much of the forests are too dense and unhealthy: overgrazing in the 1800s and fire suppression by the USFS in the 1900s. He explained that the resulting overstocked, unhealthy forests contribute to catastrophic wildfires and invasive species outbreaks. Mr. Jackson went on to discuss some of the larger fires in New Mexico during the past few years, the Las Conchas fire in particular, noting how quickly they grew and the damage they caused to surrounding communities. He also discussed the elements that successful landscape restoration will require, such as environmental analysis on a much larger scale and collaborative work across boundaries and between agencies. Mr. Jackson brought up the Four-Forest Restoration Initiative, a project to restore 2.4 million acres across four national forests in Arizona, which he explained is the largest stewardship project in USFS history. He also noted a smaller but similar project in the southwest Jemez Mountains. Mr. Jackson went on to discuss what restoration means, explaining that it entails moving overstocked forests to more desirable open, uneven conditions. He provided the committee with examples of how a properly restored forest should look, pointing out the much smaller number of trees per acre, with trees grouped with interlocking crowns and all age classes of trees interspersed. Mr. Jackson explained that desired conditions may not be attainable in a single treatment and discussed some of the challenges in attaining those conditions, such as funding, work force, industry capacity and the smoke and air quality concerns that come with some treatment efforts. However, he said that reaching desired forest conditions will reduce the severity of fires and offer increased flexibility for managing fires.

Joy Esparsen, New Mexico Association of Counties (NMAC), discussed partnerships that the NMAC had begun in 2003 with the Bureau of Land Management (BLM), noting that California counties are somewhat more advanced than those in New Mexico when it comes to managing lands to limit fire damage. She noted that the BLM offers a grant program that has helped entities work together more closely, pointing out that both the Forestry Division and the

USFS have become involved with the program, too. Ms. Esparsen said that communities are becoming smarter in their approach to fire.

Mr. Racher discussed various aspects of forest health and fire issues. He said that watersheds and water are important pieces of the puzzle and that society is paying for past mistakes, such as a 100-year emphasis on fire suppression. Mr. Racher also noted that while no one has all of the answers, enough answers exist to begin action, which some communities and private landowners have done. He also said that because of the number and intensity of recent forest fires, forests are becoming a carbon source rather than a carbon sink. Mr. Racher went on to point out that forest health is a statewide problem and should be approached that way. He also said that fires on private land are a problem for more than the landowner because flooding affects everyone in the area. Mr. Racher then said that public/private partnerships can be a key to incentivizing forest restoration and that biomass plants need access to capital and a guaranteed wood supply to operate successfully.

Laura McCarthy, director of conservation programs for the New Mexico field office of The Nature Conservancy, talked about the effects of wildfire, citing concerns over increasing areas of high-severity burns, post-fire flooding and debris flows and water quality. She showed the committee a brief video of the flooding at the Dixon apple orchard after the Las Conchas fire and discussed the high costs of wildfires on people, wildlife and the environment. Ms. McCarthy went on to discuss proactive treatments, such as forest thinning, stream restoration and flood mitigation, noting that there is sound science behind Mr. Jackson's testimony. She also said that forest thinning should help snowpack, which should yield more water during spring runoff. Ms. McCarthy also provided the committee with debris flow maps based on computer modeling and suggested that forest treatments need to be accelerated. She cautioned that doing nothing will only serve to make New Mexico's water situation worse. Finally, Ms. McCarthy suggested the creation of a wildfire and water source protection fund to finance the efforts to restore forests, which she said could be funded by dedicating part of the insurance premium tax to the fund. She said that New Mexico Superintendent of Insurance John Franchini noted that insurance companies tend to think in the long term and may be receptive to something that helps prevent or mitigate the effects of catastrophic forest fires, which can cost them significantly.

Questions and comments from the committee included the following:

- the fact that federal, state and local agencies, private industry, environmental organizations and a university program are all cooperating and collaborating on forest management issues is encouraging;
- whether increasing or reallocating a portion of the premium tax is the best way to finance the suggestions of the panel;
- decisions on continuing forest management include the reintroduction of natural fire;
- a Sacramento Mountains restoration study shows that Cloudcroft, being surrounded by forest, is under constant threat from wildfire;
- spending on fires in New Mexico was $10 million in 2013, down from $22 million in 2011;

- The Nature Conservancy and soil and water conservation districts work together;
- though work is being done now to bring forests to desirable conditions, it is not on the scale it needs to be;
- some coordination has been done between New Mexico and Colorado, and a project involving New Mexico, Colorado and Arizona will commence this fall;
- the worst thing policymakers could have done for endangered species was to allow forest conditions to reach this point;
- a significant amount of forest thinning has to be done mechanically, so the USFS granting access is important;
- polling indicates that the public is receptive to increased taxes for water quality and protection;
- specific proposals regarding the number of acres to be treated and the estimated cost would be helpful for the legislature;
- the change in the number of trees per acre in the Sacramento Mountains over the last 50 years;
- it is difficult for government agencies to change the way they do business; and
- the USFS can open the forests to private industry as long as procedures are followed.

On a motion made, seconded and approved, the minutes of the June 10, 2013 meeting were approved as submitted.

The committee recessed at 5:10 p.m.

Friday, July 26

Technology for the Recycling of Water

John Vincent, Aquanox, Inc., talked about water recycling, particularly on large cruise ships and how that technology can be applied to areas facing water shortages. He explained that cruise ships often have up to 6,000 passengers and must recycle water every day to drinkable standards using bacteria and aeration. Mr. Vincent provided the committee with more detailed testimony regarding how ships recycle water, noting that one of the keys is determining the proper bacteria-to-water ratio based on how much waste material is in the water. He also noted that ships produce waste from a variety of streams, which become blended during treatment, and that some waste winds up in a ship's sludge tank. Mr. Vincent explained that the system uses submerged membrane technology.

As he provided his testimony, Mr. Vincent also pointed out ways in which Clovis could make better use of its water supply and to employ water recycling technology. For example, he noted that while Clovis already has water use programs in place, such as the effluent used to water city parks, the city does not face the time and space constraints that a cruise ship does, so some type of expanded recycling program might be a good fit. Mr. Vincent also noted that water used in cooling towers could easily be recycled.

Questions and comments included the following:

- how New Mexico communities can take advantage of newer water recycling technology;
- Alamogordo and Tularosa have built water treatment plants recently, and while they were expensive, some additional costs to implement better technology might warrant consideration in future plants;
- a lot of the newer water recycling technology comes from Europe;
- very few cities in the United States have experience with new water treatment technology, but plants in many cities are growing older and will require replacement in the near future; and
- use of newer technology to treat brackish water.

Geothermal Power and Energy Efficiency

Keven Groenewold, executive vice president of the New Mexico Rural Electric Cooperative Association, began by giving the committee an overview of the operations of rural electric cooperatives, providing a map showing the service areas of the various cooperatives in the state. He also noted that several cooperatives have begun to explore the use of geothermal power.

Jerry Partin, general manager and executive vice president, Roosevelt County Electric Cooperative, Inc., explained that in 2009, Xcel Energy decided to exit the wholesale power business, leaving four New Mexico co-ops without a power supply after 2015. Mr. Partin said that the four co-ops have joined the Western Farmers Electric Cooperative (WFEC), based in Anadarko, Oklahoma, but that the WFEC will have to build new capacity to supply the four New Mexico co-ops. However, he explained, his co-op is trying to reduce the need for new capacity by reducing demand and by encouraging the use of renewable energy by its customers. Also, while New Mexico has its share of wind and solar energy, it also has geothermal energy that can be used to reduce the amount of electricity needed for residential heating and cooling. Mr. Partin went on to explain how the use of ground source heat pumps works to heat and cool homes, pointing out that such a system works in conjunction with the seasons to make the system much more efficient.

Eric Austin, commercial and industrial marketing manager for the WFEC, explained how geothermal heat pumps work to heat and cool homes and why such systems are a natural fit for renewable energy certificates. He explained that the WFEC currently has a pilot program under way that will show that geothermal heat pumps result in less overall power demand for residential users, lower demand costs for utilities and lower peak usage for utility plants.

Questions and comments from the committee included the following:

- the increased cost of installing geothermal heat pump systems versus a conventional heat pump can be offset by tax credits, but it is still somewhat expensive for residential users;
- the WFEC is helping Roosevelt County customers finance their systems;

- it takes about seven to 10 years to break even on system costs;
- the WFEC can help 15 to 20 customers per year with financing and installations of geothermal systems;
- the efficiency of vertical versus horizontal geothermal system loops;
- software helps installers determine which kind of loop and size will work best for each home;
- conductivity of each loop depends on soil moisture, and horizontal loops are a bit easier to model;
- whether or not Tri-State Generation has a five percent cap on the amount of renewable energy that co-ops may run through their lines;
- transmission and storage issues associated with solar and wind energy; and
- while a cap is imposed by some utilities on self-transmission, most users do not approach the cap.

The Future of Farming in America

James Bostwick, state chair of the Farm Service Agency, briefed the committee on the challenges faced by today's farmers. He explained that the United States Department of Agriculture defines a farm as an agricultural operation that generates at least $1,000 in sales per year. Mr. Bostwick went on to note that the average age for farmers and ranchers is steadily rising (it is now about 60 years old) while the number of farms in the country continues to decline, which he said is perhaps the biggest problem facing the farming industry. He also noted that farms today generate more produce on fewer acres than farms 50 years ago. Mr. Bostwick also discussed the price Americans pay for food, noting that families in the United States spend a smaller portion of their income on food than families in other countries, particularly developing countries. He pointed out that part of the taxes citizens pay each year goes toward ensuring that domestic food supplies are safe. Mr. Bostwick went on to note that while crop insurance really means that most farmers get a bill, rather than a check, it does make younger farmers appear more financially viable to banks. He also pointed out that farmers have little control over the prices their products fetch, with which policymakers might be able to help. Finally, Mr. Bostwick said that farmers need access to reliable data to help them make informed decisions.

Questions and comments from the committee included the following:

- the United States produces the cheapest, safest produce in the world;
- as China buys U.S. companies, such as Smithfield Foods, control over the world's food supply is shifting away from the United States;
- no large, conglomerate companies have attempted to buy New Mexico farms or companies yet;
- China's importation of U.S.-grown food may increase the cost of food to domestic consumers;
- some cities with a lot of restaurants emphasize the use of local produce, which helps some farmers;
- any effort to support local growers and food security helps;
- use of food stamps at farmers' markets;

- use of estate planning to help keep farms in the family; and
- if farmers stop producing food, it will take about 40 days for consumers to really begin to notice the lack of fresh produce.

Representative Dodge explained that an individual was not able to speak during the presentation about the Ute pipeline project. Greg Neal, Concerned Citizens of Curry and Roosevelt Counties, provided the committee with a presentation asking that the ENMWUA work with citizens and consider alternatives to the project. He said that broader, more cost-effective solutions to eastern New Mexico's water shortage issues are likely available. Mr. Neal pointed out that similar projects in neighboring states have not turned out well and suggested that surface water is not a viable option for supplying the region with water. He also provided the committee with photographs showing the already low water level at Ute Reservoir, suggesting that the reservoir will not be able to provide the amount of water the project requires. Mr. Neal went on to say that the project will hurt tourism and development, noting that property values near the reservoir have fallen over 40 percent since construction on the project was announced. He also cited a study by Dr. Bruce Thompson that indicated that Ute Reservoir cannot sustain the water withdrawals imposed by the project. Mr. Neal suggested that project leaders look instead at the Santa Rosa/Dockum Aquifer for water supplies. Finally, he asked that construction on the project facilities cease, along with the use of state funds, until alternatives can be explored.

There being no further business, the committee adjourned at 12:10 p.m.